

BROADCAST BY THE BLUE NETWORK



8:30 p.m., E.W.T., MAY 17, 1945

Town Meeting



*Bulletin of America's
TOWN MEETING OF THE AIR*
Sponsored by THE READER'S DIGEST

Are National Planning and Government Control a Threat to Democracy?

Moderator, GEORGE V. DENNY, JR.

Speakers

H. W. PRENTIS, JR.

MARSHALL FIELD

HARLEY L. LUTZ

T. V. SMITH

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5th

of Five Broadcasts Celebrating the 10th Anniversary

Russia and America—Postwar Rivals or Allies?

(PREVIEW IN THIS ISSUE—SEE PAGE 22)

It would seem that the peace of the world will depend largely on the relations between Russia and the United States. Each of these countries will emerge from World War II with sufficient strength to weight the scales of world influence. Will the two countries work as a team or will they become unfriendly rivals? Listen to the experts on this vital subject.

COMING MAY 31st

TUNE IN EVERY THURSDAY, BLUE NETWORK—8:30 p.m., E.W.T.

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Town Meeting



Bulletin of America's Town Meeting of the Air



George V. Denny, Jr., Moderator

Are National Planning and Government Control a Threat to Democracy?

Announcer:

The editors of *The Reader's Digest*, America's most widely read magazine, welcome you to another exciting radio hour. This is the third of the big Tenth Anniversary broadcasts of America's Town Meeting, the program that gives both sides of questions vital to you. Tonight, here at New York's historic Town Hall, four noted authorities will discuss whether national planning and government control is a threat to our democracy. To open this timely discussion here is the president of Town Hall, New York, the founder and moderator of America's Town Meeting, Mr. George V. Denny, Jr. Mr. Denny. (*Applause.*)

Moderator Denny:

Good evening, neighbors. Don't let this ten-dollar question scare you, but it was the simplest way we could state your many requests for a program on increased government planning and regulation. Since 1933 every American has felt

the hand of government more firmly on his arm than he has ever felt it before. To some it's been a helping hand, giving guidance and assistance over the rough spots on the highway. To others it's been a restraining hand, one which has said, "You can't go this way, you must go that way."

Some of us have organized pressure groups, seeking more government planning and control. Others have organized pressure groups to fight these measures. During the war, we have cheerfully accepted many government controls which few of us would want to continue after victory. These we are not considering tonight.

What we are basically concerned with tonight is the future role of government in your life and mine. Certainly a primary aim of democracy is to give the fullest measure of freedom to the individual to develop his maximum capabilities without interfering with the rights of others. Then we ask the question, "Are national planning

and government control a threat to this type of democracy?

No one objects to government planning of highways, national parks, inland waterways, and control of interstate commerce, currency, and our foreign affairs. Nor are those speaking here in favor of government planning tonight advocating the kind of planning exemplified by totalitarianism?

If government begins to plan on a national scale for the peacetime production and distribution of goods and services, to regulate prices and wages, and to fix conditions of employment even in the interest of full employment, the question arises, are there practices and tendencies present today in our government's national planning and control program which constitute a threat to our democracy?

Dr. Harley Lutz of Princeton University, now chief economist of the tax foundation, and H. W. Prentis, Jr., president of the Armstrong Cork Company, think that there are.

Dr. T. V. Smith, now a Lieutenant Colonel in the Army on leave from the University of Chicago, and Mr. Marshall Field, publisher of the *Chicago Sun* and New York's *PM*, take the opposite view.

You will have an opportunity to question our distinguished guests through the representative Town Hall audience during the last half of the program. But, let's start with a definition. Mr. Prentis, will you tell us what you mean by national planning and government control, please?

Mr. Prentis: The old Greek teacher, Socrates, used to tell his students that no intelligent discussion was possible unless the terms used were first clearly defined. So, right here at the start I shall take a leaf out his book.

By national planning and government control I mean a planned economy, the over-all planning and coercive direction of the business of the nation by public authority. In the sense in which I shall use it, the phrase "national planning and government control" does not refer to the forward thinking and programming which government should and must do in respect to such matters as taxation, monetary policies, national defense, foreign relations, and measures designed to insure fair play in business.

By democracy, I mean a constitutional, representative form of popular self-government in which the will of the current majority is curbed by appropriate safeguards designed to protect the fundamental rights of individuals and minority groups—what our forefathers, in other words, called a republic. (*Applause.*)

Moderator Denny:

Thank you, Mr. Prentis. Now, Mr. Field, will you tell us whether those definitions are satisfactory to you?

Mr. Field: Mr. Prentis, I don't think any of us want the kind of planning that you described. However, there is a great area of planning which I believe is necessary to the survival of democracy, and I am not in the least afraid, at the

moment, that there is any trend of which we need be afraid.

I believe you are setting up a straw man, and that we are in greater danger from too little planning than we are from too much planning at this particular moment.

Danger of totalitarianism has been set up time and again as a bugaboo to frighten us from social progress and will continue to do so in the future. Most of us will refuse to be frightened by any such bogeyman. (*Applause.*)

Moderator Denny:

Thank you, Mr. Field. Now, let's get down to cases and hear our first speaker, Dr. Harley Lutz—it's spelled L-u-t-z, but it's pronounced as if it were spelled L-o-o-t-z—of Princeton University, now chief economist of the Tax Foundation. It's a pleasure to welcome you, Dr. Lutz. (*Applause.*)

Dr. Lutz:

I want to talk to you about a proposition which is not a straw man or a dummy that has been set up to be knocked down. The National Resources Planning Board in its report for 1933 proposed all-out planning. A section of that report has been advanced to the legislative stage in the Murray Full Employment bill.

That bill aims to assume full employment. It provides that the President, through the budget bureau shall submit to Congress each January an estimate of the total number of jobs needed for full employment in the fiscal year beginning on the next July 1, also

an estimate of the number to be privately employed in that fiscal year, and a program for employing those who have no prospect of private employment.

The estimates are also to show the amount of private production, investment, and consumption in the fiscal year. Government is to act through contractors, preferably, and the prevailing rate or rates of wages are to be paid.

This is all-out planning. It would impose an impossible task upon the budget bureau. No private business manager can reliably forecast his own production, employment, and sales for a period beginning six months after the forecast and extending for a year thereafter. Yet the Murray bill assumes that the budget bureau can make such a forecast for all business including half a million corporations, several million unincorporated firms, several million farmers and unemployed, and more than a hundred and thirty million consumers.

The only way to make such a scheme work is to lay out a program which has no relation to reality and then use enough force and control to get the answer. In that way you can hit the nail on the head every time.

But, that's the Russian method of planning. Production is organized there according to quotas of goods rather than the consumer preferences expressed in the market.

All-out planning and control as illustrated by the Murray bill would endanger freedom in the

following ways: First, it requires the government to promise more than can be accomplished within the normal framework of the economic system. That is, it must provide employment at the prevailing rate of wages, but when wages are higher than are warranted by technological conditions, unemployment increases. If the entire labor force is not employed at that abnormal rate of wages, it means that the rate is too high, and there are always further employment opportunities at a lower wage. The Murray bill requires the maintenance of what would be under the circumstances an abnormally high price for the services of labor.

In the second place, since government is committed to abnormal means of assuring employment, it would be obliged to extend its control to other features, namely, prices and, eventually, profit. The area of freedom for the individual to invest or to engage in business would be restricted by such policies, despite the professions of belief in and service to the enterprise system.

Sir William Beveridge, in a book which is evidently the lineal ancestor of the Murray bill, says that industry would be told where to locate, and that unemployed labor would be told where to go. They would be sent where work is to be done. He says also that if his program won't work under private property, then private property must go. He says also if you once adopt the program the people must not be allowed to vote it

out if they don't like it. No better statement of the menace to freedom can be found than that.

In the third place, the only feasible method whereby government can finance the program to which the Murray bill would commit it, is through a continued increase in the public debt. That means continuous inflation.

Beveridge says that it's all right to employ people to dig holes and to fill them up again. The larger the proportion of the labor force that must be provided for by government, the greater will be the proportion of those put at hole digging, pyramid building, log shoveling, and other services that contribute nothing to the well-being of the community.

He says further that if we have 97 percent of the people employed we have full employment. In the thirty years, 1900 to 1929, according to Conference Board data, 97½ percent of the labor force were employed, so I would say that so far as national planning is concerned, all you need in the way of a plan, if you want a plan and a slogan, is this, say to the people, "If you want to make a dollar by any honest means you are free to try, and if you succeed you may keep it." Thank you. (*Applause.*)

Moderator Denny:

Thank you, Dr. Lutz. Now we have another professor from the University of Chicago who turned politician and was elected to Congress, and when the war came on turned soldier and served until recently in the Allied Military Gov-

ernment in Italy as a Lieutenant Colonel. But he still holds pretty tenaciously to his political views. I take pleasure in presenting Col. T. V. Smith. (*Applause.*)

Colonel Smith:

My colleague, Mr. Field, has well said Mr. Prentis tried to give him a straw man for a definition. Now, Mr. Lutz tries to give me a sort of stuffed ghost as diversion, for the Murray bill is only a bill, a hypothetical law which Congress has yet to do the best it can with, after the pressure groups of fears stuff it with their fears—as he does—and the starry-eyed pressure groups stuff it with their hopes.

But why should reasonable people like us fly with Mr. Prentis to totalitarian lands to get a straw man definition of planning, or follow Mr. Lutz into hypothetical legislation, when we have before us 150 unbroken years of American planning and democratic control?

The reason is simple. The planning we have done here at home has not skidded us into serfdom and the control we have so far achieved has saved us from tyranny, so fear must fly to the future or to the distance to justify itself. Since only the future does not talk back and contradict such wild talk, it is a happy hunting ground of fear for all the fearful.

Meantime, for the hopeful to contemplate is our Constitution, as itself a planned assault for general welfare, and the Bill of Rights, as planned protection for individual initiative. There is Hamilton's plan

for an industrial America, and Jefferson's for an agrarian America, and Lincoln's dynamic notion that the very business of government is "to do for the people what needs to be done, but which they cannot by individual effort do at all, or do so well for themselves." (*Applause.*)

Every important measure of democratic control seems to pass through three stages: (1) it is greeted with derision; (2) it is feared as subversive; (3) it is accepted as necessary and wholesome.

While Mr. Lutz and Mr. Prentis ransack their memories to recall which of the present accepted laws they once derided and feared, let me take you to the European high priest of their type of fear about the future of democracy, Friedrich A. Hayek. He has us Americans sliding right now down the slippery road of serfdom. Planning will do it he says. But what kind of planning? Why, the kind they did in Italy, of course. Well, that's not the kind we've been doing, or ever mean to do in America.

Socialism will get us if planning doesn't. What kind of socialism? Why, the kind, of course, they had in Germany. But that's not our kind of socialism. And besides, Norman Thomas' kind cannot muster 100,000 out of 50,000,000 votes. (*Laughter and applause.*) But if America gets by with the Thomas kind, which Hayek complains is not socialism and with our kind of planning which to him is mere puttering, collectivism is sure to get us.

But what kind of collectivism? Why, the kind, of course, that got Germany. But America is America. Well, anyhow, we'd better watch our step against dangers in general and hazards in particular. (*Laughter.*)

If you think I'm having too much fun over a book which has terrified many Americans of little faith, listen here what Hayek writes into this apocalypse of the open road to serfdom. He's not for *laissez faire*—he says so right here on page 81. He's not against unemployment insurance, nor sickness, nor accident insurance. He's indeed for—hold your breath—he's for a guarantee, I'm quoting, "of some minimum of food, shelter, and clothing" for everybody. He says so in so many words right here, page 120. And to cap the climax, he's not against planning, not in the good sense which, mark you, is the only sense Mr. Field and I, or you, or the National Planning Board of America have ever been for.

Is the man trying to kid us? No, he's only a sophisticated foreigner who takes our money for showing us how ignorant he is of our traditions and prospects.

But how to explain to these good Americans who also profess to think an electrocardiograph is preparation for an electrocution? They are not so much afraid of dictatorship as they are of democracy—afraid of democracy, I repeat, and not another thing. They distrust the people and those whom

the people elect to settle these issues as they arise.

Distrust of Congress is no new thing, but it's so unsportsmanlike that it has to be disguised from the democratic conscience. While Hayek gives some Americans social hydrophobia, he, himself, is not afraid of democratic water. He drinks it and likes well enough all water that's wet and fears only such waters that will not put fire out.

Against such logical disingenuousness, let me sound forth finally the old sanity of America, that democratic government exists to control somebody's for everybody's sake. As more intelligent planning goes into the process, the more fully served will be our common purpose and in each generation a legitimate judge of what planning and control is required for that generation is the threefold wisdom of our constituted government. (*Applause.*)

Moderator Denny:

Thank you, Colonel Smith. I wouldn't say that his army experience had disqualified him as a politician. Now, may we hear from Mr. H. W. Prentis, Jr., president of the Armstrong Cork Company and former president of the National Association of Manufacturers, whom we are delighted to welcome back to our Town Hall platform. (*Applause.*)

Mr. Prentis:

Colonel Smith, no people ever went down the road to dictatorship when the price of admission was

clearly shown at the entrance gate. National planning is a very alluring phrase. We've all been taught since childhood to plan ahead; to anticipate the hazards of illness, unemployment, and old age; to plan for the education of our children and for the future of business and social institutions.

Such individual and voluntary group planning is highly desirable and should be encouraged at every possible fashion. It is in fact an essential part of our democracy since the voluntary acceptance of social responsibility is the keystone of our freedom.

National planning, as I defined the term awhile ago, and as it is presently being advocated by influential quarters here in America is quite a different thing. To make it work, government would have to be in the driver's seat all the time to tell us what we could buy, when we could buy it, the prices we would have to pay, when and where we would have to work, and at what wages.

Now for democracy like ours to operate successfully, there must be a relatively high degree of voluntary public support behind every program that the government undertakes. A planned economy would involve so many interferences with our individual rights that this voluntary support would be lacking.

To make national plans effective would therefore require more and more coercion, and democracy as we know it would simply disappear. In other words, democracy

and planned economy are inherently incompatible. Planned economy always divorces democracy and falls into the waiting arms of dictatorship. (*Applause.*)

National planning and government control of a people's economic affairs isn't new. It was tried by the Chinese some 3,000 years ago and by the Romans in the early centuries of the Christian era. The idea seems to bob up as a panacea for economic difficulties whenever a people grow tired of accepting the personal responsibilities of free men and seek to place those responsibilities on the shoulders of other men like themselves calling themselves goverment. The historic cycle seems to be this, from bondage to spiritual faith, from spiritual faith to courage, from courage to freedom, from freedom to some measure of physical abundance, from abundance to complacency, from complacency to apathy, from apathy to fear, from fear to dependency, and from dependency back to bondage once more. (*Applause.*)

It's always at the declining end of that cycle that the advocates of a planned economy dangle their alluring schemes before people who have never known, as your forefathers and mine knew, what political, intellectual, and spiritual tyranny can be. (*Applause.*)

A survey not so long ago revealed, Colonel Smith, that only three in ten Americans understand the difference between state socialism, planned economy, and our democratic form of government.

Apparently a still smaller fraction realize that our system of private competitive business, civil and religious freedom, and political liberty are inseparably bound up together and when any one of those three are undermined, liberty disappears. (*Applause.*)

The proof of the pudding, Colonel Smith and Mr. Field, is in the eating. In the planned economy of Italy before the war was there freedom of suffrage? No! In the planned economy of Hitler, was there freedom of worship? No! In the planned economy of Russia is there freedom of speech and of the press? No! Did labor unions continue to function in the planned economies of Italy, Germany, Russia, as they do in America? No! Would the independent American farmer trade places with the agricultural workers on the collective farms of Russia's planned economy? No! Did the intellectuals now in exile in the United States enjoy academic freedom in the Axis nations? No! We cannot have our cake and eat it, too.

Which shall it be? Democracy with a certain amount of personal risk for our individual economic well-being or planned economy under which we would trade our personal and political freedom for the will-o'-the-wisp of economic security?

David E. Lilienthal of the TVA said recently, "I am deeply persuaded that high as the price of voluntary methods may be in delays and errors, in the end, the price of

arbitrary enforcement of planning is nothing less than our freedom."

There are, of course, fine people who assert that we can apply national planning and controls to so-called basic industries without going the whole distance to Moscow and Berlin. To these middle-of-the-roaders I quote the testimony of two experts, first, Joseph Stalin, who said in 1934, in one of his state papers, "Without getting rid of capitalism and abandoning the system of private ownership in the means of production, you cannot create planned economy"; and second, Douglas Miller, in his famous book, *You Can't Do Business With Hitler*, who said, "The experience of the last few years shows that economic planning and the system of free enterprise cannot permanently endure side-by-side in the same nation."

Under planned economy there is no halfway stopping point. Private competitive business simply evaporates. With it goes not only the liberty of the enterprising businessman and the wage earner, the labor unions, and the independent farmer but all our cherished civil, political, and religious freedom as well. So I conclude, Mr. Moderator, that national planning and control are a very real threat to democracy. (*Applause and cheers.*)

Moderator Denny:

Thank you, Mr. Prentis. This is getting hot. (*Laughter.*) But here is another businessman, a philanthropist and the publisher of the *Chicago Sun*, and New York's *P.M.* and author of a new book, *Free-*

dom Is More Than a Word, who takes the other view. Mr. Marshall Field. (*Applause.*)

Mr. Field:

In spite of the remarkable flight of oratory, Mr. Prentis, I still do not believe for a moment that democracy or any other form of political organization can possibly survive without planning. I think that anybody that says that they shouldn't plan is actually against democracy and is planning something entirely different. (*Applause.*)

People of this country have always planned, not only as individuals, but through their representatives as well. We have already agreed that there is an enormous realm in fiscal planning and such things as inland waterways.

Let us just think for a moment about inland waterways. Inland waterways develop power. What are we going to do with that power? Are the people of the United States going to sit by and see it wasted because it interferes with some vested private interest, or are they going to use it for the region where that power is available? (*Applause.*)

The purpose of planning is to create an atmosphere in which the individual citizen can be most creative. He has a right to expect his representatives to create that atmosphere. There cannot be fiscal planning without a knowledge of facts, without an estimate of national income, and means cannot be provided to avoid unemployment without a reasonable

knowledge of what the prospects of private employment are.

People want planning towards constructive, human goals and they are entitled to have it. They want plans as insurance against a repetition of the boondoggle. They want to know that when the government helps to take up the slack of unemployment, there will be blueprints for useful community projects on which they can be employed. They want to know that there is a minimum wage below which they cannot be employed or, rather, exploited. (*Applause.*)

At the present time, people want price controls on commodities that cannot possibly at this time fill the demands that exist for them. They want rent control, until enough houses are built or underway to prevent the skyrocketing of rent. They want wage control for the same reason.

Unfortunately there are groups, and there will probably continue to be groups that want these controls for everybody else, but want special exemption in their particular case so that they can take advantage of a temporary shortage. (*Applause.*) In the over-all interest, it is the duty of our representatives to curb them. That type of control should not always be necessary. As soon as civilian production catches up to the demand, competition should take care of the price situation, provided government does not allow monopolies and price-fixing by associations of manufacturers. (*Applause.*)

But over and above this kind of planning, there are still many

THE SPEAKERS' COLUMN

HARLEY LEIST LUTZ—Dr. Harley Lutz, professor of public finance at Princeton University and chief economist for the Tax Foundation of New York, is the author of a number of books on taxation and finance. Dr. Lutz was born in Chillicothe, Ohio, in 1882. He has an A.B. and an LL.D. from Oberlin College and an A.M. and Ph.D. from Harvard. From 1909 until 1923, he was professor of economics at Oberlin, serving as head of the department during the last nine years of this time. From 1923 until 1928, he was professor of economics at Stanford University. Since 1928 he has been on the staff of Princeton.

Dr. Lutz served as economic adviser for the Joint Taxation Committee of the Ohio General Assembly in 1919 and as special adviser for the Washington Tax Investigating Committee in 1922. He was a member of the Commission of Financial Advisers to Chile in 1925 and to Poland in 1926. In 1929 he was adviser for the Tax Investigation Commission of Utah; in 1930, director of the New Jersey Tax Survey Commission, and in 1942, director of the New York Temporary Economy Commission.

HENNING WEBB PRENTIS, JR.—With the Armstrong Cork Company since 1907, Mr. Prentis has been president of the company since 1934.

Mr. Prentis was born in 1884 in St. Louis, Missouri. He received an A.B. degree from the University of Missouri, and an A.M. from the University of Cincinnati. He has also been awarded the degree of LL.D. by Franklin and Marshall College, the University of Pennsylvania, and the University of Cincinnati.

From 1903 to 1905 Mr. Prentis was secretary to the president of the University of Missouri, and from 1905 to 1907 he was secretary of the University of Cincinnati. In 1907 he went to the Armstrong Cork Company as assistant manager of the insulation division, in Pittsburgh, Pennsylvania.

Later he served as organizer and manager of the advertising department, and as general sales manager of the floor division. He was elected vice-president and member of the Board of Directors in

1926, first vice president in 1929, and president in 1934.

Mr. Prentis is a director of the Union Trust Company of Pittsburgh; a member of the business advisory council of the U. S. Dept. of Commerce; and a member of the governing body of the National Industrial Conference Board. He is a past president and director of the National Association of Manufacturers and a past director of the U. S. Chamber of Commerce.

T. V. SMITH—On leave from the University of Chicago where he has been a professor of philosophy since 1927, Lieutenant Colonel T. V. Smith has recently returned from Italy where he served with the Allied Military Government. Colonel Smith is a native of Texas. He received his A.B. and A.M. degrees from the University of Texas and his Ph.D. from the University of Chicago. Before joining the staff of University of Chicago, Colonel Smith taught at Texas Christian University and at the University of Texas. He also spent one year in the army during World War I.

From 1935 to 1938, Colonel Smith was a member of the Illinois State Senate and from 1939 to 1941 he was United States Congressman-at-Large from Illinois. Included among the many books of which he is the author are *The Democratic Tradition in America*, *Discipline for Democracy*, and *The Legislative Way of Life*.

MARSHALL FIELD III—Multi-millionaire Marshall Field recently saw his first book, *Freedom Is More Than a Word*, placed upon the bookstands. This book is largely autobiographical but it is also a study of modern social problems. Born in Chicago in 1893, Marshall Field was reared and educated in England. He was a student at Eton and at Cambridge University. During World War I he advanced to the rank of captain in the U. S. Army.

Mr. Field is a trustee of the Marshall Field estate; director of Marshall Field & Co.; Continental-Illinois National Bank and Trust Co.; Westinghouse Electric and Manufacturing Co.; and publisher of New York's *PM* and Chicago's *Sun*.

areas where private capital and private business will not extend and never have extended. The carrying out of a plan like TVA has been of enormous benefit to private enterprise and to the busi-

ness community in its area but, goodness knows, many of our anti-planners were considerably against that at the start.

It's true, also, in the field of housing, where it has been impos-

sible, so far, to provide houses for low-income groups through private capital. The question is not whether to have planning or not to have planning, but who is going to do the planning and for whom. (*Applause.*)

Provided we arrive at our planners by a democratic process and provided that there is a thorough understanding among people in general of the plans that are to be made, and that they are made for the benefit of the people as a whole, and not just one segment of the people, I think there is far more danger that there will be too little planning rather than too much planning.

I am worried right now, this minute, that no plans are being made that I know of to take care of the workers who are going to be left idle by the abandonment of Willow Run in Detroit. (*Applause.*) This is going to be extended if we don't do something about it enormously in the very near future.

I believe it possible, however, that there is some confusion between the words "planning" and "management." As I understand these words, there is all the difference in the world. We should have government planning to form a framework in which private management can thrive and without which private management will prove entirely bankrupt. (*Applause.*)

Moderator Denny:

Thank you, Mr. Field. Thank you very much. Now, if it's entirely safe, will you gentlemen join

me up here around the microphone and see if we can clarify this problem a little? Perhaps Colonel Smith will start the question period.

Colonel Smith: Mr. Prentis, I hate to see you, an optimistic man, so subverted by fear. I'm going to strike a ray of hope from you if I can. What do you make of the fact that no country with a democratic tradition, under all the threats and pressures, has gone under—no democratic country has gone under as yet?

Mr. Prentis: I think that's a pretty sweeping statement, Colonel Smith. It seems to me Italy had quite a few democratic traditions since 1870 when a so-called democracy was set up. I think, also, that there have been a great many nations in South America set up—we call them republics—in which the democratic tradition has proved very, very unworkable. Now, what I am deeply concerned about is that this is not a straw man that we're setting up. There is actually under way in Washington today, backed by a very influential group in Washington, a program which sums up like this: A National Production Council which is to be the over-all planning agency and which will have the responsibility of controlling our entire economy. Second, under the over-all agency will be a sub-agency, or a subcouncil, for each industry composed of representatives of labor, management, and government.

Colonel Smith: I asked you a longer question than I recognize—

Mr. Prentis: I'm going to answer it, too. (*Laughter.*) This is the one that's actually on the docket, Mr. Smith. I'm talking about what's now under way and of which the Murray bill is the first one. (*Applause.*) Let me continue just a minute, sir. Three, the volume of production will be set for those Councils for each industry, which means, of course, a quota for each company and plant, in each industry. This production schedule will be set at such a level that in the aggregate it will provide full employment, and to insure that the full production schedule is carried out, the government will perhaps even guarantee the companies against loss by buying any products which cannot be sold on the open market. No new company can enter any field without the approval of the appropriate Industry Council (*shouts*) and prices will be fixed and wages will be fixed. Oh, you can hiss and all that. I'm not the least bit concerned about that. You can boo me all you want. All I've got to say is that I'm sounding the note of warning that was sounded by a great many individuals prior to the setting up of planned economy in Germany and in Italy and in Russia. (*Applause.*)

Mr. Field: Was that warning ever sounded by the industrialists?

Mr. Denny: Mr. Field, I think you ought to take Mr. Prentis on here.

Mr. Field: Well, I was just saying—I just interrupted. Excuse me, I'm in the habit of doing that. I was just wondering whether that

warning was ever sounded by the industrialists in Germany. I never heard it. (*Applause.*)

Mr. Prentis: Thank God, we have in America the type of industrialists they didn't have in Germany, Mr. Field. (*Applause and shouts.*) If you'll see fit, with all the booing of the National Association of Manufacturers—if some of you who know nothing about that organization, will get its official statements and platforms and read the stand that it has taken consistently for the last six or eight years against planned economy in this country, you would speak with a great deal more authority and intelligence. (*Applause.*)

Dr. Lutz: Colonel Smith has been talking about the fear that never develops and building up the case that it can't happen here. I'd like to quote one stanza of poetry in answer to that:

Vice is a monster of such hideous
mien
That to be hated needs but to be
seen.
Yet seen too oft, familiar with her
face,
We first endure, then pity, then
embrace.

Mr. Field: We have a new Mr. Comstock.

Mr. Denny: T. V., you ought to have a poem ready to answer that. (*Laughter.*)

Colonel Smith: Well, I was going to give this one:

Might and Right are always fightin'
When we're young, it seems excitin'
Right is always nearly winnin'
But Might can hardly keep from
grinnin'.

(*Laughter and applause.*)

Mr. Denny: I knew he'd do it. Our Town Hall audience is anxious to get in on this and these men can hardly restrain themselves from laughing, so we'll pause briefly for station identification.

Announcer: You are listening to America's Town Meeting, the program that gives both sides of questions vitally important to you, sponsored by the most widely read of all magazines, *The Reader's Digest*. For a complete copy of this discussion, "Are National Planning and Government Control a Threat to Democracy?" including

the question period immediately following, send for the Town Meeting Bulletin. Write to Town Hall, New York 18, New York. Enclose ten cents to cover the cost of printing and mailing. And here is a special announcement. At the end of May, in celebration of the 10th Anniversary of America's Town Meeting, all five of this month's programs will be published in one special bulletin. For your copy, write to Town Hall, New York 18, New York. Enclose 25 cents. Now, *The Reader's Digest* returns you to Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: Now we are ready to answer questions from this audience here in Town Hall. If you have a question, please raise your hand and, when recognized, rise and state the name of the person to whom your question is directed.

Man: Since there seems to be a tremendous effort on the part of industry to overemphasize rugged individualism in paid advertising, would you not imply that they have selfish motives about government interference?

Dr. Lutz: No, I don't see what that has to do with their interest in government interference. They are interested in a free economy because they believe it to be for the greatest advantage for the greatest number, and if they are emphasizing—I don't think they are emphasizing rugged individualism—they are emphasizing the free

enterprise system which I believe in and which I think is thoroughly justifiable.

Mr. Denny: Mr. Field has a comment there.

Mr. Field: I would like to ask who decides the greatest good of the greatest number? How do you arrive at that?

Dr. Lutz: I would say that the test of greatest good to the greatest number is to be decided primarily by the fact that the economy is itself on a self-supporting basis and is not being carried along by government deficits.

Mr. Field: You mean whether they agree with Dr. Lutz or not?

Dr. Lutz: Well, that might be so, sir. Yes, sir.

Mr. Denny: Here is Colonel Smith edging up on me. Yes.

Colonel Smith: Mr. Lutz, you remember that famous maxim you gave awhile ago—the only control

we need—"a dollar honestly made." Who is the judge there?

Dr. Lutz: Why, Mr., or Colonel, or Professor Smith—

Mr. Denny: Or Congressman Smith. (*Laughter.*)

Dr. Lutz: Or Congressman Smith. I don't think there is any question about deciding what is an honest dollar. In the first place, you've got the Ten Commandments, and in the second place you've got the law of the land. (*Laughter.*)

Mr. Field: Does the National Association of Manufacturers really obey the Ten Commandments? (*Laughter and applause.*)

Mr. Prentis: Do the publishers of the newspapers of this country obey the Ten Commandments, Mr. Field?

Mr. Field: I never said that the publishers obeyed the Ten Commandments. I'm very far from having said that. What I am saying is that apparently the greatest good of the greatest number and the honest dollar is decided by the Ten Commandments.

Dr. Lutz: And the law of the land.

Mr. Field: Oh, yes, we have the law of the land.

Dr. Lutz: You shan't steal, you shan't cheat, you shan't resort to unfair competitive practices, and make a dollar any way you can. Why not? That's the way you do it, isn't it?

Mr. Denny: Or devalue the dollar.

Mr. Prentis: Speaking seriously and not facetiously, Mr. Field, I do believe, in the 38 years that I have

known something about the manufacturing business of this country, that, despite the fact that it in common with all our other institutions is operated by fallible human beings, there has been a great advance in the ethics of business in this country in all of its departments—publishing, manufacturing, retailing, and also in politics. (*Applause.*) That's where my hope lies for the future of America—that we are more and more recognizing that there can be no future for this country unless there is the assumption of social responsibility on an ethical basis on the part of every one of us.

Mr. Denny: Yes, Mr. Field is creeping up on his left flank and Colonel Smith on his right flank. Mr. Field, please.

Mr. Field: Well, I was just wondering exactly how much those improvements in ethics have to do with government planning, such as, for instance, the Sherman Act and the Fair Trade Practices Act, and the Patman Act, and a few such other things.

Mr. Denny: Will you let Mr. Prentis answer that?

Mr. Prentis: I think the improvement in the ethics—the ethical sense of responsibility in this country generally in the last 30 years—has made more planning unnecessary. Oh, I didn't express that properly. I mean it has diminished the necessity for a government going as far in coercive methods as it otherwise would have to.

Mr. Denny: Thank you, Mr. Prentis. Colonel Smith?

Colonel Smith: I wish Mr. Prentis would charitably allow that the same progress in business that he claims has also advanced in government itself, and that therefore the definition by government of an honest dollar in a complex age involves these restrictions at which so many people chafe and cry "wolf, wolf" when it is only a prowling cat.

Dr. Lutz: Nobody is objecting to the reasonable regulation of business practices or anything else by government. In fact, this whole discussion is like two trains passing each other on tracks that are side-by-side. Mr. Prentis and I are insisting that the essence of the argument is the results of all-out, over-all planning by government and over-all control by government. Our opponents are insisting that we must take it bit by bit and, of course, the important question has not yet been reached, "How many straws of planning and control can you put on the camel's back before you break the camel's back?" We say you've got to talk about a broken camel's back because that's what you get when you get totalitarian planning and that's what they are ready to agree with. But as long as you merely inch along this highway one little step after another, as Mr. Prentis says, you never see the sign over the gateway.

Mr. Denny: I don't know when we're going to get these hundred or so questions from the audience, but go ahead, Colonel Smith.

Colonel Smith: Yes, sir, we've inched along inch by inch for

more than 150 years and we've piled law upon law as seemed wise to each generation and the camel's back is not yet broken, and nobody who knows America will claim tonight that America is not as free as America has ever been in 150 years. (*Applause.*)

Mr. Denny: The gentleman in the third row there. Yes?

Man: Mr. Prentis. Do you think capitalism could have survived in 1933 without government planning? (*Applause.*)

Mr. Prentis: Again I refer you to my original definition, sir. I am not opposed, never have been opposed and stated in my opening remarks that I am not opposed to planning by government that doesn't lead to a planned economy. The aid that was given business, agriculture, and all segments of our economy in 1933 is not planned economy against which I am inveighing.

Mr. Denny: Thank you. The lady.

Lady: Colonel Smith. If national planning has been so successful, why is it that I am unable to buy food that we need since government has told me what I may buy? (*Applause.*)

Colonel Smith: Well, lady, as they say, don't you know there's a war on? (*Laughter.*)

Dr. Lutz: I would remind both the lady and the Colonel that up in New England somewhere a waitress was very soundly slapped by another lady for reminding her that there was a war on. But coming back to the OPA, I think it is an interesting question at any

rate to ask why, when we have more beef on the hoof west of the Mississippi than we've ever had in this country there is less meat in the butcher shops east of the Mississippi than we've ever had. (*Applause.*) That is government planning and, as a matter of fact, I don't think the war and the requirements of the Armed Forces have very much to do with that situation. (*Cries and applause.*) Wait a minute, now wait a minute. It is mainly a question of the efforts of the OPA not so much to control prices as to control profits. What they have done has been to control the profits of the feeders right out of the picture and consequently you aren't getting the meat animals in the condition that they should be and in the number they should be in order to provide you with what you need in addition to what the Armed Forces need. (*Applause.*)

Mr. Denny: That's another Town Meeting topic, but Mr. Field has a comment and Mr. Prentis, too. Yes, Mr. Field?

Mr. Field: Well, while we are on the subject, I think it's fairly obvious that the people who are raising cattle in the West today want more money. It's a question of whether they are getting enough money. Now, thank goodness, we don't live in Russia and we are a democracy and therefore we don't just take the cattle from those people and put them where they are needed. (*Applause.*)

Mr. Denny: Thank you. Mr. Prentis?

Mr. Prentis: Speaking of this beef question, there came to me just today the report that was issued yesterday of the Committee on Agriculture and Forestry of the House of Representatives. I just want to read you one sentence. "The Office of Price Administration price and regulatory orders have interfered with the marketing and distribution of the 1944 apple crop and the result is that there will be millions of bushels of apples which will go to the dump pile." That's an illustration of over-all economic planning and many mistakes are bound to be made during the war. I'm not saying this critically but it's an illustration of how difficult it is to do over-all economic planning. (*Applause.*)

Mr. Denny: Thank you. This gentleman here.

Man: My question is to Mr. Field. In this planning, what happens to the American initiative that has built the type of business of Marshal Field & Co., in Chicago. (*Applause and laughter.*)

Mr. Field: There's no earthly reason why anybody in the framework of planning that I'm talking about can't make just as much money as my grandfather did. (*Laughter.*) And I'll make you a small bet that they will. They will do it under a minimum wage scale and they will do it even possibly with price ceilings. (*Applause.*)

Mr. Denny: Colonel Smith?

Colonel Smith: And whether they make more money or not, under such government regulations that we have, the initiative

that went into Marshal Field I has gone into Marshal Field II or III. (*Applause.*)

Man: I want to ask a question of Professor Lutz. Professor Lutz claims that unemployment is due to high wages. I want to ask him whether the unemployment in 1932 when it was between 10 and 15 million people in this country, was due to wages being too high? (*Applause.*)

Dr. Lutz: Yes, I think that the unemployment that developed as a result of the depression could very materially have been reduced if you had had a flexible wage policy by which, as conditions changed on the credit side, you could have reduced and rearranged wages and I would point out to you that that would have produced just as much purchasing power because if you have fifty per cent of the people employed at ten dollars a day and one hundred per cent of the people employed at five dollars a day, you've got just as much purchasing power available for the purchase of goods at Mr. Field's store and all of the other stores as you have in the first case.

Mr. Denny: Thank you. The young lady.

Lady: Mr. Prentis, isn't it true that Australia, New Zealand, and Sweden have national planning, yet they do not have dictatorship? (*Applause.*)

Mr. Prentis: Sweden does not have a planned economy in the sense in which I defined that term. If you will study their situation—I recently studied it—you'll find

that it does not have coerced, planned economy. New Zealand comes closest to it of the three countries that you've mentioned. And if you'll follow the history of New Zealand—and it's very revealing—you'll find that there's been a steadily mounting federal debt. Now they are at a point where there's a serious question as to the future—the economic future of New Zealand. It's in a very perilous situation at the present time.

Mr. Denny: Thank you, Mr. Prentis. Next question.

Lady: Mr. Field. Since free enterprise is described as the lifeline of the United States, don't you think that government control will cut off that lifeline and private initiative?

Mr. Prentis: No, I think it will encourage it. That's my whole point. The government control will not cut that lifeline. It will give an atmosphere in which real free enterprise—giving everybody a chance—can really thrive. (*Applause.*)

Mr. Denny: Thank you. The officer there.

Man: Mr. Prentis. Is the monopoly of the American Telephone and Telegraph Company a sample of government control?

Mr. Prentis: I would say no. I think it's a sample of government regulation. (*Applause.*)

Mr. Denny: The question of the young man right here.

Man: Dr. Lutz. Do you know that the Murray bill does not appropriate any money or introduce any legislation, but presents only

suggestions and figures for the Congress—your Congress and my Congress—to debate and act upon? It does not appropriate any money or ask for any specific legislation. (*Applause.*)

Dr. Lutz: That's right. It does not appropriate any money.

Mr. Denny: Thank you, very much. Now it's time for our speakers to prepare their summaries of this evening's discussion. You'll hear from both Dr. Lutz and Colonel Smith in just a moment. Each month 70,000 fighting men are returning to civilian life. With the new point system, many more will be coming home. There's been a lot of talk about how to treat the returning veterans. But what is the soldier's point of view? A recent issue of *The Reader's Digest* presented a helpful article showing the reactions of some combat veterans and here tonight we are honored to have with us a veteran who recently returned from the Pacific theater. He was a captain in the Air Corps, received the Purple Heart, and has just been discharged after four years' service. Here he is, Ira L. York. Mr. York. (*Applause.*)

Mr. York: I guess all of us who've come back are pretty much alike. We're still basically the same as we were before we went away. And that's the way we want to be treated. I've heard civilians say that veterans don't want to be asked questions. Well, that depends on the circumstances. For instance, I was at a party one night and everything was fine until my

hostess said, "Captain, we're dying to hear what happened to you in the Pacific. Tell us some of your experiences, won't you?"

I was being put on the stage. I was an interesting curiosity and I resented it. But when the little girl next door asked me what it was like to come face to face with a Jap, that started me talking.

Completely avoiding discussion of the war is pretty unnatural. After all, if you've lived through it, it's mighty close to you. Any one of you can sense pretty easily when a man wants to talk and when he doesn't. I don't think veterans want to be ignored but we don't want to be prodded.

When I first came home, I just wanted to see my family. I didn't want to go out all the time. It was good to be home, to be able to do things when I wanted to, to get off by myself.

I'm convinced that you can make the average soldier feel at home by giving him a little time, and by being natural. Don't rush him into things. Don't handle him with kid gloves, and don't kill him with sympathy. He justs wants genuine interest and understanding. He wants to know what's available for him in civilian life—education, a job. You who have been at home and know what is available, can organize your communities to bring this information to every veteran. (*Applause.*)

Mr. Denny: Thank you, Ira York. Thank you, very much. It's an honor to have you with us this evening. Now for the summaries

of tonight's discussion, may we hear first from Colonel Smith.
(Applause.)

Colonel Smith: Logically, the debate has been funnier than it has been politically. Our opponents have defined control and planning in such fashion as never existed among us, so that they could be for everything that we've done and against everything that we're going to do. We have defined it in such fashion as to see in the present tendencies in our democracy the outgrowth of our traditional planning and control, somewhat stepped up to meet the more rapid tempo and complexity of modern life.

Since we trust our people and believe in our representatives we see little in America to fear, save fear itself. A weak government seems to us a greater threat to democracy than a government fortified in strength with plans as well thought out as is possible in advance.

Mr. Field and I just want Americans to keep on accentuating the positive, eliminating as much as possible of the negative, so that we can still do a thriving, a happy business with Mr. In Between.
(Applause.)

Mr. Denny: Thank you, T. V. Smith. Now for a final word from the other side by Dr. Lutz.

Dr. Lutz: It's very gratifying indeed to engage in a debate of this kind with opponents who are in such agreement with us. Mr. Prentis and I have been agin' the planned economy from start to

finish and now we learn that both Mr. Field and Colonel Smith are also agin' a planned economy. So there has been a very considerable area of agreement after all among the four speakers. The area of disagreement is that to which I referred a while ago. We can't agree on the number of straws of planning and control that you can pile on the camel's back without finally causing it to break down. Mr. Prentis and I have argued that the tendency in that direction is evident, and that it is a dangerous tendency. (Applause.)

Mr. Denny: Thank you, Mr. Lutz, Mr. Prentis, Mr. Marshall Field, and Colonel Smith. Near the top of the list of the major problems facing America at this time is the race question. Next week our topic will be, "Are We Solving America's Race Problem?" Our speakers will be Irving Ives, co-author of the Ives-Quin Anti-Discrimination Bill recently passed by the New York State Legislature; Elmer Carter, former editor of the magazine, *Opportunity*, and a member of the Unemployment Insurance Appeal Board of New York; Richard Wright, author of the current best seller, *Black Boy*; and Congressman Jerry Voorhis, Democrat of California.

Two weeks from tonight on May 31, our 10th Anniversary Program will be on the question "Russia and America—Postwar Rivals or Allies." Our speakers will be Norman Thomas, William Henry Chamberlain, Raymond Moley, and Raymond Swing.

TOWN MEETING PREVIEW

Russia and America—Postwar Rivals or Allies?

By CHARLES E. MARTZ

The subject outlined in this preview is to our best knowledge the one which will be used on Town Meeting of the Air Thursday evening, May 31, 1945. However, in view of the rapidity of wartime developments there is always a possibility that another topic which seems more urgent may be substituted.

It is becoming something of a commonplace that the future peace of the world will depend largely upon relations between Russia and the United States. If the two nations can develop a mutual respect and cooperation, we are much more likely to have peace than if the two nations work at cross-purposes. Whether or not this analysis oversimplifies a complex situation, the future relations of these two powerful peoples will have much to do with war and peace.

The Postwar Picture—One may hazard a guess that, in the postwar world, the United States will be the most powerful nation, and that Russia will be second. The strength of each is considerably beyond that of any competitor among the other nations.

A second element in the picture is the fact that there are two great spheres of influence. Whether we want to admit it or not, the United States has a sphere of influence largely in this hemisphere, whereas Russia will emerge with a sphere of influence which will include the Baltic nations, Poland, the Balkan nations (with the possible exception of Greece), and which may extend into Iran or beyond.

We may try to neutralize the

most striking effects of these spheres of influence by an international organization. The existence of two great and powerful nations with two great and powerful spheres of influence will remain.

There seems to be every possibility that the two can work peacefully together. Russia gives evidence of having respect for the United States. Russia respects power, and the military power demonstrated by Eisenhower's forces won over the respect of the Reds. There have been some clashes at San Francisco, but these very clashes may be indicative of the mutual respect for the power of the two nations. The Russians drive a hard bargain, but they bargain with us; they do not present ultimatums.

The Lesson of History—As we try to look into the future, we should secure help from a study of the history of the relations between the two nations. Dr. Foster Rhea Dulles, in his *Road to Teheran*, emphasizes the fact that Russia and the United States are the only two major powers that have never gone to war against each other.

For over a century we dealt with the czars, who represented a type of government and society of

which we heartily disapproved. But the Russia of the czars and the United States became traditional friends.

The rift came after the Bolsheviks took over the Russian Revolution of 1917. The present generation of Russian leaders remembers how we sent soldiers into Russia to help the enemies of the Reds. They remember that we refused to recognize the communist government for seventeen years. They remember how the Reds were kept out of the League of Nations, and how the western powers refused all support to the Russian efforts to mobilize world cooperation against the aggressors in Abyssinia, Manchuria, and Czechoslovakia.

We also have long memories. We remember the zeal with which the Russians attempted to spread their revolution to our country. We remember some of the methods which were used by the Reds in stamping out opposition in their own country.

In probing the future, we must consider the effects of memory upon each of the two great nations. Can we eliminate the suspicion engendered by the acts of the Third International? Can Russia eliminate the suspicion occasioned by our obvious disdain of the communist experiment and even the currently aggressive policies of some American publicists and newspapers?

Current Interests — Assuming that the relations between the two nations will sooner or later come

out from under the dead hand of the past, we may ask in a realistic way, "What are the probable future interests of the two nations? Are they such as to bring a clash? Or can they further cooperation?"

Peace—It is clear that the first cardinal principle in the policy of each country is a desire for peace. For Russia, peace is a necessity. The communist experiment is dear to their hearts—and they were making progress. But war disrupted all plans, and the expenditure of men and goods has set the Reds back many generations. Peace is now the *sine qua non* of communist progress.

The United States, likewise, wants peace. The two nations probably will be able to continue their cooperation to that end.

Expansion—The United States and Russia are both extensive nations, with natural resources that are, in general, adequate to all needs for many years. Neither nation is a "have not," and neither has any need for territorial expansion.

Trade—Both Russia and the United States have everything to gain from the free flow of international trade. For many years the Russians will have to import the machinery with which to develop her resources. The United States will want to export just the materials which Russia needs.

The two nations will be complementary, at least until the Soviet industrial machine is running at full capacity—many decades hence.

Even after that has been accomplished, we may remember that our best customers have always been among industrial nations—those with the higher standards of living.

Possible Points of Friction—In fundamental needs, the two nations seem to have every essential for peaceful cooperation.

Can we be sure that the Reds will not persist in their former efforts to further revolution in the United States?

Can the Reds be sure that we will not revert to our previous desire to upset Communism in Russia?

What will be the relations between the Russians and the Chinese Communists, if the rift in China persists?

Can a communist economy, controlled by central power, carry on trade with an economic system based upon individual initiative and a minimum of government restriction?

These are a few of the places at which friction might develop. Can the underlying community of interests make possible the solution of all current problems in the new era as was the case in the days of the czars?

UNITED NATIONS CONFERENCE BROADCAST

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As a special service to the listeners of America's Town Meeting of the Air, and subscribers to the Town Meeting Bulletin, extra copies of this special broadcast are now available at only 5c each. You will be glad to get the latest facts and learn of the outstanding views of such important people as Joseph C. Grew, Tom Connally, Harold E. Stassen, H. V. Kaltenborn, Raymond Swing and William L. Shirer, as given on our program of April 26.

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